
BARRY GLASSMAN
HARFORD COUNTY EXECUTIVE



BILLY BONIFACE
DIRECTOR OF ADMINISTRATION

Council President Slutzky and honorable Council members, Cabinet members, special guests and my fellow Harford countians...

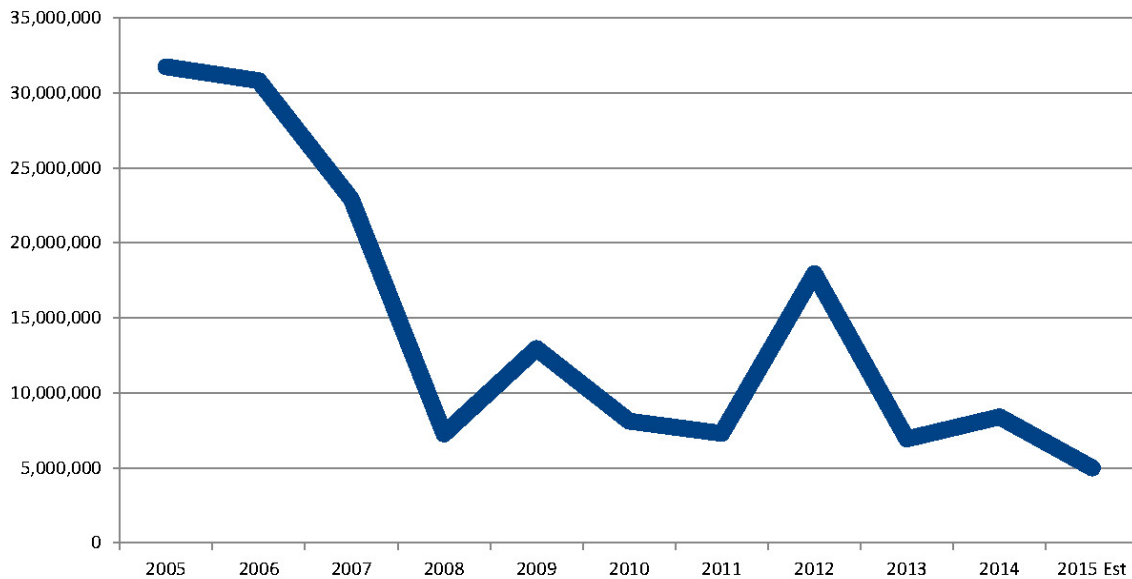
After a full 64 days as your county executive, it's my charge to share with you the state of Harford County - the place that I am privileged to lead to fulfill our promise as Maryland's new center of opportunity.

As an avid runner who thought about this speech on a cold run along the Deer Creek, I can say that the current state of Harford County is stable, but we cannot maintain our existing pace without an adjustment of our stride in several areas.

Bear with me for a few moments as I give you a snapshot of some of the challenges that confront us...



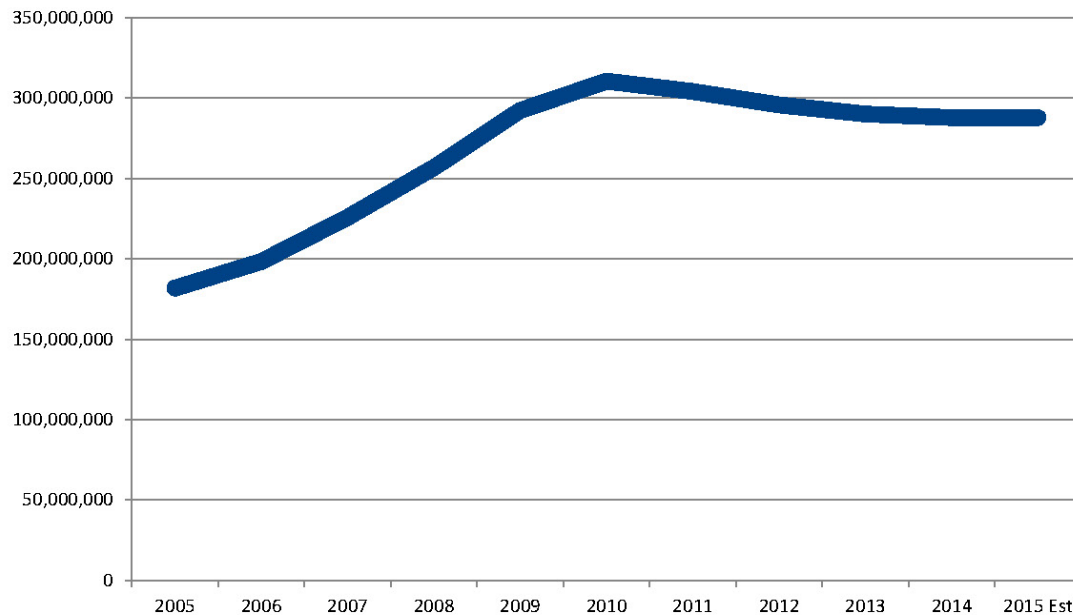
Unassigned Fund Balance - Available Surplus



The unassigned fund balance is our surplus. These funds have not been dedicated to other purposes. Our surplus has been drawn down due to a combination of revenue shortfalls and pay-as-you-go, or PAY GO, funding for capital projects. Our latest projection is that the current fiscal year will end with a \$5 million surplus, which only represents 1% of our \$500 million operating budget. That leaves little room for emergencies or potential state cuts. Most similar counties have much higher surplus levels; 2% would be a standard.



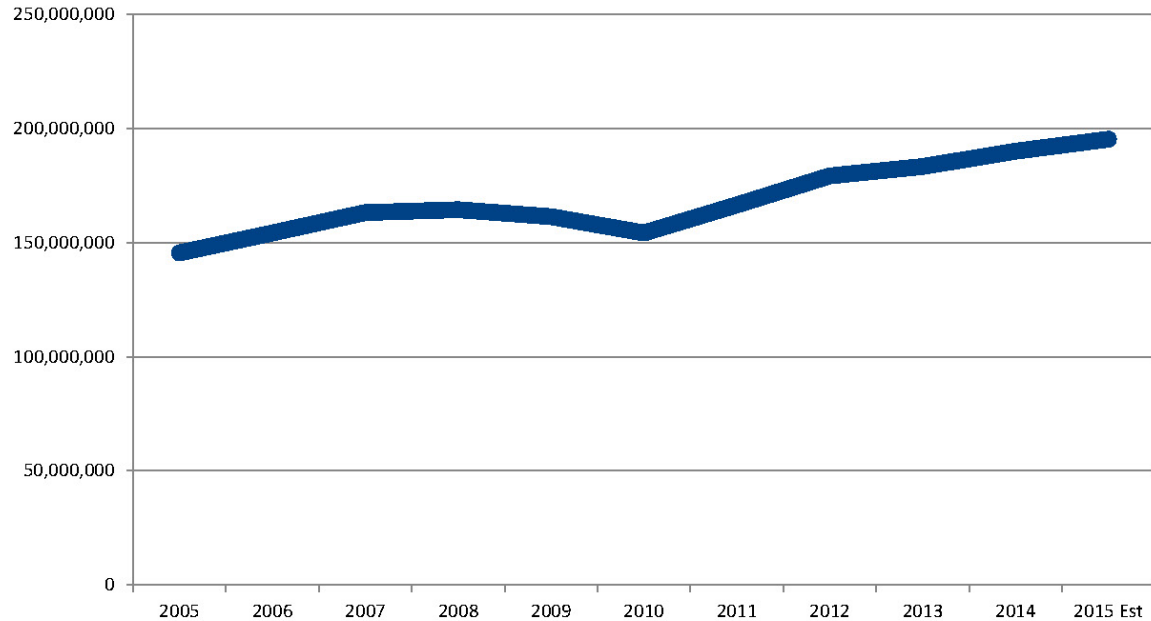
Property Taxes - General & Highways



The housing boom of the last decade generated a steep rise in assessments and subsequent growth in property taxes. The housing boom went bust in 2008. However, due to the triennial assessment period, it wasn't until 2011 that property tax revenue declined. Assessments dropped for four straight years until recovering in 2014 and 2015. But the county has recovered only a fraction of what we have lost. For example, the Route 40 corridor was reassessed and grew by 3%, but the prior reassessment in 2012 was a 6% drop. Our conversations with the State Dept. of Assessment and Taxation do not lead us to think future reassessments will cause revenue to grow significantly, and that property tax growth will be relatively flat. In other words, we are no longer declining but we are not growing either.



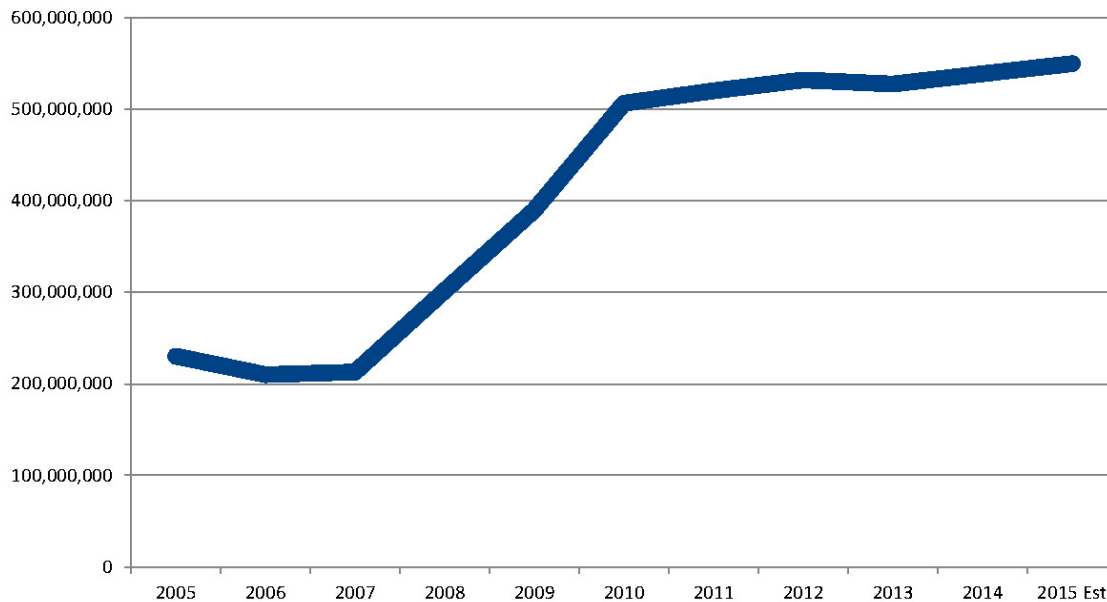
Income Tax



The county's income tax revenue has recovered since bottoming out in 2010. You can see from the chart that while income tax is still growing, the rate of growth has slowed. In FY 2011 and FY2012, both years saw 8% growth, while in FY 2013 and FY 2014 the growth slowed to about 2% and 4%, respectively, with FY 2015 projected at 3%. We do expect income tax revenue to continue to grow, and grow at a faster rate than property tax revenue, but our projections going forward are for modest growth.



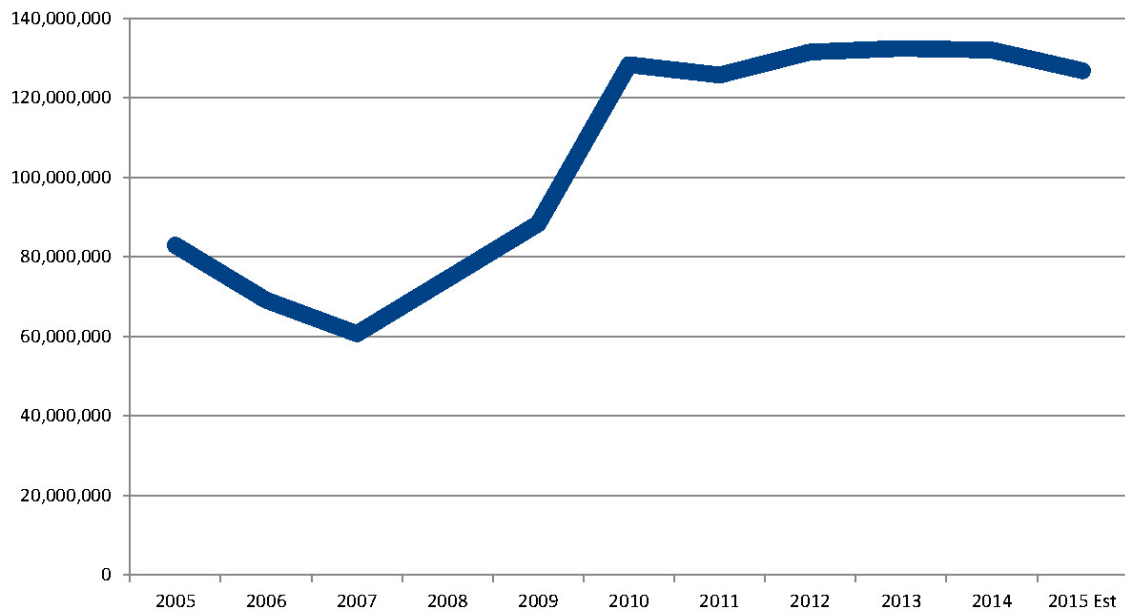
Total Government Debt - Taxpayer Supported



The county's debt is supported by revenue from taxes. The debt pays for projects for the school system, community college, and the library, as well as county government buildings, roads and agricultural preservation. During the prior administration, taxpayer-supported debt increased by approximately two and half times from FY2007 until FY 2010, growing from \$200 million to \$500 million dollars.



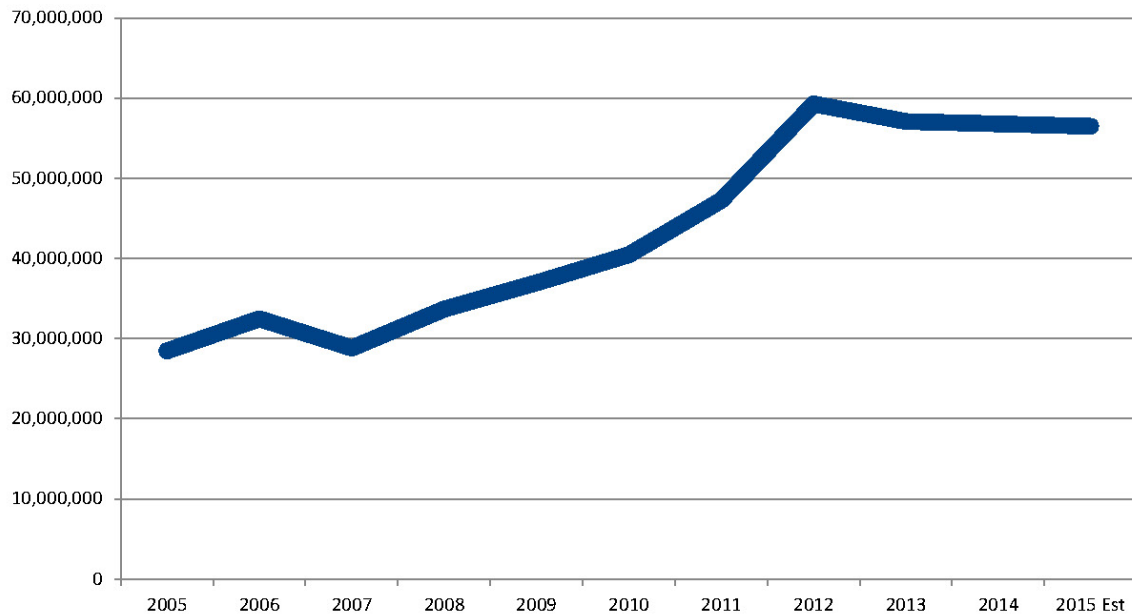
Total Business Type Debt - User Fee Supported



Business debt is debt paid by our water and sewer enterprise fund, which is primarily financed with user fees instead of taxes. Its growth has mirrored the growth of total government debt.



Governmental Debt Service - Taxpayer Supported



This chart shows our annual cost for taxpayer-supported debt service. Annual debt service payments have largely followed the same trajectory as the county's debt. The county's debt service has also doubled since FY 2007 and I expect the expense to increase in FY 2016 by approximately \$4 million, as my administration will have to go the bond market for at least the next 2 years just to pay for projects that were approved by the previous administration.

Our team is scheduled to meet with the bond rating agencies in New York in a few weeks, with our business plan, with an objective of maintaining the county's AAA bond rating to keep borrowing costs low.

Thank you for bearing with me for these slides, as they are the foundation for some of the initial actions that we've had to take over the last 60 days to adjust our stride and slow our pace of spending.

I have already moved to defer significant new capital projects by the Harford County Board of Education, Harford Community College, Health Department, Department of Emergency Services and other community partners. No matter how much merit a project has, we have to take a breather. We cannot continue to sustain this combination of prior increased borrowing and constricting revenue at the same time. It just is not fiscally responsible.

I appreciate the Council approving our retirement incentive offering, to reduce our number of employees. We have had a good deal of interest and we are moving toward our goals. I have also asked my director of administration to continue our efficiency review. In addition, our new Division of Efficiency and Innovation is exploring a number of avenues to reduce expenses. My transition teams will also be meeting with us over the summer, and with my Cabinet members, to follow up on the progress of their recommendations to streamline operations and cut costs. With regard to outside agencies, our Procurement Department has begun reaching out to them to develop additional strategies to save funds by consolidating duplicative operations.

My administration's efforts to increase the use of technology in our operations and improve customer service are also moving forward. Our employees have done a great job rolling out our online snow plow tracker, the county's first virtual town hall meeting, and our planning InterGov, a new service that will allow electronic

permitting and tracking. We also plan to use these technologies to improve transparency and participation in our Master Plan update, which will begin in earnest next year, and also use it in other public venues to increase citizen participation.

As much as efficiencies are important to solidifying our finances, our efforts in economic development are more significant in turning around our prospects for the future.

We have moved our Office of Economic Development to a cutting-edge office close to Aberdeen Proving Ground, with better access to companies and service delivery. It will accommodate up to six start-up companies, and will include an integration lab with proposed 3-D printing capability. I am happy to report that the corporate commons area is nearly fully leased. We will continue to support the growth of existing small businesses, APG, our distribution centers, energy projects, manufacturing, farming and cyber/technology. Governor Hogan announced “Maryland is open for business” on inauguration day. My plan is to have Harford County positioned to compete for every new business and every job available.

I am currently evaluating proposals to jump start our residential housing industry with flexibility in fee structures, and increased marketing of our county. We also hope, within the next year, to roll out a one-stop permitting center where citizens and businesses will be able to process permits, zoning and payments all on one floor, with cross-trained employees, and as many online services as possible.

I would also like to thank the Council for approving the hotel/lodging fee which will finally allow us to invest in our growing tourism economy, our wonderful attractions, museums, and sporting events, that bring folks to Harford County. Our investment in this emerging segment will allow small businesses serving tourists to add jobs, and add to our tax base.

Together we have also kept our promise to turn back the uneven and ill-thought-out state mandated “rain tax.” I look forward to presenting a common sense plan to fund and carry out our storm water restoration projects, while meeting the requirements of the EPA.

Although we have hit the ground running in these past 64 days, we still have much to accomplish as we support our primary responsibilities of education, public safety, fire and EMS, and law enforcement.

I am comfortable taking a step back from our capital needs as we focus on jobs, strengthening our communities, and investing in our workforce of county, library, Board of Education and law enforcement employees. I have asked that our partners in outside agencies find efficiencies from within their respective budgets to match our efforts in reorganizing the way we do business. We must come to the realization that the new normal of shrinking enrollments, flat revenues and fewer capital dollars require a fundamental realignment of budgeting and how services are delivered. Our budget submission in the spring will be fiscally responsible, and it will reflect the realities and values that I have laid out tonight.

Before closing, I do want to give an update on our progress in attacking the heroin epidemic in our communities. Once again, in the last seven days, I’ve had to console a family devastated by this drug and the loss of a family member. This young man, Nolan Gallion III, is one that I held as a baby over 20 years ago. You see, I want to do more than sign an order, or appoint another task force. Just as our Aberdeen Proving Ground has four centers of excellence in the defense of our country, our team has a vision for a “Center of Excellence for Heroin Addiction and Overdose Prevention” with potential partners at Upper Chesapeake and the University Of Maryland Medical System. We hope to pilot a local program that could be a model for the state with services engaging schools, citizens, law enforcement and providers.

In addition to expanding treatment, the center would include the following components:

- Public Education:

- Working with state and local health departments, the center would work to heighten public awareness of the heroin epidemic, and overdose prevention and initiatives available, addressing the problem using a multi-platform media campaign (print, television, radio and social media materials.) This would include building on early education efforts in our middle schools.
- Prevention:
 - In collaboration with current state and county overdose prevention initiatives, the center would enhance the expansion of these initiatives and focus on prevention and aggressive intervention in overdose situations.
- Training Programs:
 - A major focus of the center would be to expand capacity in Maryland to educate and train the community in identification and intervention in heroin overdoses. This would be done in cooperation with existing initiatives.
- Helpline :
 - The establishment of a State of Maryland heroin helpline would be a critical component, offering family and friends a place to call for help.
- Public Health Research:
 - Through collaboration with the State of Maryland DHMH and county health departments, the center would collect statewide data, monitor use, and conduct analysis of trends, interventions and outcomes.
- Public Policy:
 - Though a collaborative effort with the experts, the center could review state laws, develop policy briefs and provide recommendations for effective policy change regarding regulations to reduce access to heroin, and legislation to enhance access to treatment and prevention of heroin overdose.

We have a whole generation of young people at risk, and Harford County will lead in turning back this scourge, just as we lead in our budgeting, our economic development, and other areas.

I want to thank the sheriff for his aggressive pursuit of the criminal dealers who sell the drug, and thank our deputies who track them down.

Listen, I have found this job in the first 60 days to be the most challenging in my 30 years of public service, but I welcome each day. As a new board member with the Maryland Association of Counties, I am serving on the state legislative committee, and also lobbying the presiding officers and working with Governor Hogan's administration and our state delegation to further Harford's cause in Annapolis each Wednesday during the legislative session.

To you, the members of the County Council, thank you for your assistance in helping me and my Cabinet breathe new life into a slumbering local government. You have helped us achieve many of our 100-day goals in half the time, and we look forward to bringing you many more innovative proposals to review as we work together to turn around Harford County.

I am blessed with a talented Cabinet and my successes are due to their hard work, and the hard work of our amazing county employees who I have had a chance to travel around and meet during those early whirlwind days - whether at the gas pumps during our snow events or on a snowy evening last Thursday to complete our homeless survey. They, along with the so many community volunteers, make this county special, as did the young man, Paramedic Erik Steciak, who gave the ultimate sacrifice to help one of our citizens during our first snowstorm.

So for the short term, I am fine with being evaluated on the number of families that I have raised up through new jobs, stronger communities and quality of life, as opposed to the number of steel beams I've raised or bricks I lay.

I am content with building good fiscal policy and being judged on the number Harford lives I've touched, and not the number of ribbons I've cut.

So, together, we can keep Harford County poised to be Maryland new center of opportunity where our heritage walks hand in hand with the nation's new economy.

God bless our great county and may He guide us in our decisions.

Thank you.